

➤ ABBREVIATIONS

Represented by 3-letter acronyms, international commercial terms simplify international sales contracts, by covering the minimum rights and obligations of sellers and buyers in relation to tasks over and above the process of producing products.

INCOTERMS [International Commercial Terms] serve to define, within the structure of an international sales contract, the right and reciprocal obligations of exporters and importers, establishing a standardized set of definitions and determining neutral rules and practices, such as where exporters must deliver goods, who pays the freight charges, who is responsible to obtain insurance, etc.

This is the goal of the INCOTERMS since they are impartial, uniform international rules that constitute the basis of international business transactions and seek to promote their harmony.

In reality, they do not impose but rather propose an understanding between sellers and buyers regarding the necessary tasks to move goods from the place where they are made to their place of final destination [consumption zone]: packaging, internal transport, export and import licenses, handling in terminals, international transport and insurance, etc.

➤ INCOTERMS[®] 2020

International Terms of Commerce [Incoterms] detailed by the International Chamber of Commerce [ICC] in its Publication No. 723-E, of 2020:

EXW

- EX WORKS [named place of delivery]

The seller is limited to placing the goods at the buyer's disposal at the seller's premises, within the established period, not being responsible for the clearance for export or for loading the goods in any collecting vehicle.

Usable in any mode of transport.

Note: as the foreign buyer does not have the legal standing to provide clearance for the departure of goods from the country, it is understood that this is performed by the seller, at its own expense and risk, in the case of Brazilian exports.

- **FCA**
FREE CARRIER (named place of delivery)

The seller completes its obligations and terminates its responsibility when it delivers the goods, cleared for export, to the carrier or any other person appointed by the buyer, in the named place in the country of origin.

Usable in any mode of transport.

Buyer and seller may use their own transport in parts of the transportation.

- **FAS**
FREE ALONGSIDE SHIP (named port of shipment)

The seller terminates its obligations at the time the goods are placed, cleared for export, alongside the carrier ship appointed by the buyer, on the pier or on vessels used for loading the goods, at the shipping port indicated by the buyer.

Usable exclusively on water transport (by sea or inland waterway).

- **FOB**
FREE ON BOARD (named port of shipment)

The seller ends its obligations and responsibilities when the goods, cleared for export, are delivered, placed aboard the ship at the port of shipment, both indicated by the buyer on the date or within the agreed period.

Usable exclusively on water transport (by sea or inland waterway).

- **CFR**
COST AND FREIGHT (named port of destination)

In addition to bearing the obligations and risks foreseen for the FOB term, the seller contracts and pays freight and necessary costs to take the goods to the agreed destination port.

Usable exclusively on water transport (by sea or inland waterway).

- **CIF**
COST, INSURANCE AND FREIGHT (named port of destination)

In addition to bearing the obligations and risks foreseen for the FOB term, the seller contracts and pays freight, costs and insurance related to the transport of the goods to the agreed port of destination.

Usable exclusively on water transport (by sea or inland waterway).

- CPT

CARRIAGE PAID TO (named place of destination)

In addition to bearing the obligations and risks provided for in the FCA term, the seller contracts and pays freight and necessary costs to take the goods to the agreed destination. Usable in any mode of transport.

- CIP

CARRIAGE AND INSURANCE PAID TO (named place of destination)

In addition to bearing the obligations and risks provided for in the FCA term, the seller contracts and pays freight, costs and insurance related to the transport of the goods to the agreed destination.

Usable in any mode of transport.

- DAP

DELIVERED AT PLACE (named place of destination)

The seller completes its obligations and terminates its responsibility when it places the goods at the disposal of the buyer, on the date or within the agreed period, in a place indicated in the country of destination, ready to be unloaded from the transport vehicle and not cleared for import.

Usable in any mode of transport.

Buyer and seller may use their own transport in parts of the transportation.

- DPU

DELIVERED AT PLACE UNLOADED (named place of destination)

The seller completes its obligations and terminates its responsibility when the goods are made available to the buyer, on the date or within the agreed period, in a specified place in the country of destination, unloaded from the transport vehicle but not cleared for import.

Usable in any mode of transport.

Buyer and seller may use their own transport in parts of the transportation.

Term defined as a replacement for DAT, with the difference that DAT determined “delivery” exclusively at cargo terminals, with DPU being able to be used at terminals or any other specified location [for example, the buyer’s warehouse].

- DDP

DELIVERED DUTY PAID (named place of destination)

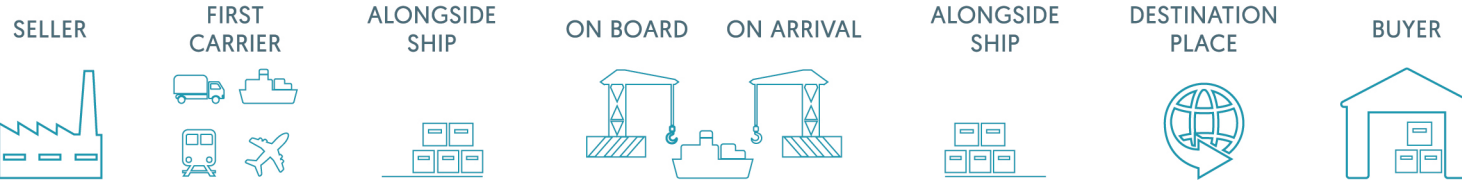
The seller completes its obligations and terminates its responsibility when the goods are placed at the buyer's disposal, on the date or within the agreed period, at the designated destination in the importing country, not unloaded from the means of transport. The seller, in addition to the clearance, assumes all risks and costs, including taxes, fees and other charges levied on imports.

Usable in any mode of transport.

Buyer and seller may use their own transport in parts of the transportation.

Note: because the foreign seller does not have legal standing to provide clearance for the entry of goods from the country, this term cannot be used in Brazilian imports, and DPU or DAP must be chosen if a condition regulated by the ICC is required.





Incoterm	Description	Transfer of Risk	Seller's Obligation	Buyer's Obligation
EXW	EX WORKS	At Seller's premises	Entire	Entire
FCA	FREE CARRIER	At First Carrier	Until loading onto carrier	Entire
FAS	FREE ALONGSIDE SHIP	At Ship	Until goods are on board	Entire
FOB	FREE ON BOARD	At Ship	Until goods are on board	Entire
CFR	COST AND FREIGHT	At Ship	Until goods are on board	Entire
CIF	COST, INSURANCE AND FREIGHT	At Ship	Until goods are on board	Entire
CPT	CARRIAGE PAID TO	At Ship	Until goods are on board	Entire
CIP	CARRIAGE AND INSURANCE PAID TO	At Ship	Until goods are on board	Entire
DAP	DELIVERED AT PLACE	At Destination	Until goods are unloaded	Entire
DPU	DELIVERED AT PLACE UNLOADED	At Destination	Until goods are unloaded	Entire
DDP	DELIVERED DUTY PAID	At Destination	Until goods are unloaded	Entire